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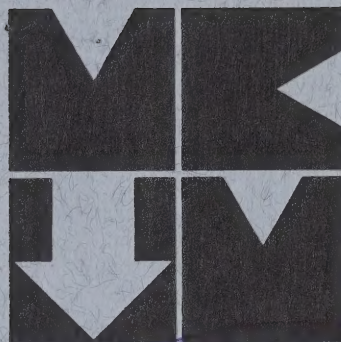
MANITOU-BARVUE MINES LIMITED

ANNUAL REPORT 1975

MINES LIMITED

IN FINANCIAL POSITION
(CONTINUED)

	Six months ended June 30	
	1975	1974
Assets		
Current assets	\$ 93,787	\$ 745,962
Capital	37,000	34,007
	130,787	779,969
— net	—	88,175
Liabilities		
Convertible preferred shares	2,479	1,325
	—	4,000
	133,266	873,469
Equity		
Common shares	(11,118)	49,784
Retained earnings	—	183,177
Development	35,125	10,000
	33,905	78,387
	—	27,940
Accumulated sinking fund	—	1,325
	57,912	350,613
	75,354	522,856
Period	459,558	72,398
	\$ 534,912	\$ 595,254



MANITOU-BARVUE MINES LIMITED

Full

*Interim Report
to
Shareholders*

**For the Six-Month Period
Ended June 30, 1975**

TO THE SHAREHOLDERS:

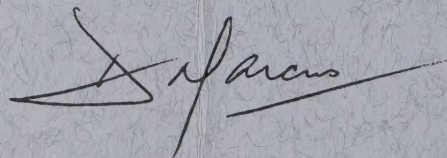
Enclosed are unaudited Statements of Income and Changes in Financial Position for the six months ended 30 June, 1975, with comparative figures for the corresponding period in 1974.

During the first half of 1975, mine production amounted to 123,353 tons as compared with 118,523 tons during the first half of 1974. A total of 67,279 tons of zinc ore of Louvem Mining Company was treated on a custom basis during the six month period under report as compared with 88,997 tons of Louvem copper ore in the corresponding period of 1974.

Net income for the first half of 1975 decreased to \$93,787 or 2.5¢ per share as compared with \$745,962 or 19.6¢ per share in the first half of 1974. The decreases in revenue and earnings reflect lower silver prices, lower quantities of ore provided for custom milling and escalating mine operating costs. Mine operating costs have sharply increased due to higher costs for labour, supplies and services, increased costs for Quebec Workmen's Compensation and for provincial sales taxes on mine operating supplies.

Exploration programmes carried out on an optioned gold prospect in Malartic Township, Quebec, and a base metals prospect in Joliette Township, Quebec, did not indicate anything of economic significance and, as a result, options on these properties have been dropped.

Exploration is continuing on properties optioned in the Goodsprings Mining District, Nevada, to follow up on occurrences of high grade zinc mineralization which were found.



President.

Ottawa, Ontario,
22 August, 1975.

MANITO

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Metal production
Custom milling

Mine operating ex
undernoted

Other expenses
Provision for m
Outside explor
Professional an
Administrative a
Interest
Depreciation

Net income for the
Earnings per share



BARVUE MINES LIMITED

BARVUE MINES LIMITED

STATEMENT OF INCOME (UNAUDITED)

	Six months ended June 30	
	1975	1974
	\$1,905,870	\$2,090,100
	395,589	407,407
	<u>2,301,459</u>	<u>2,497,507</u>
es, other than	1,942,203	1,514,099
	<u>359,256</u>	<u>983,408</u>
taxes	28,177	51,000
	50,598	18,442
consulting fees	32,328	23,409
general	109,957	83,971
	7,409	26,624
	37,000	34,000
	<u>265,469</u>	<u>237,446</u>
d	\$ <u>93,787</u>	\$ <u>745,962</u>
	<u>2.5¢</u>	<u>19.6¢</u>

Marcus President
L. Mansfield Executive Vice-President
R. Cameron Vice-President, Operations
A. McEwan, Q.C. Secretary
Wild, C.A. Treasurer

Boyd Toronto, Ontario
R. Cameron Malartic, Quebec
Clark Montreal, Quebec
L. Mansfield Hamilton, Ontario
Marcus Ottawa, Ontario
Rosenberg Ottawa, Ontario
M. Shaughnessy Toronto, Ontario

Short Val d'Or, Quebec

Agar, B.Sc., Eng. Val d'Or, Quebec

Riddell & Co. Toronto, Ontario

Bank of Nova Scotia Toronto, Ontario

Trust Company of Canada Toronto, Ontario

Stock Exchange Toronto, Ontario

5, 130 Albert Street Ottawa, Ontario

..... Val d'Or, Quebec

TO THE SHAREHOLDERS:

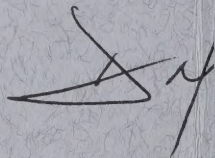
Enclosed are unaudited Statements of Income and Financial Position for the six months ended 30 June 1975, comparative figures for the corresponding period in 1974.

During the first half of 1975, mine production was 118,523 tons as compared with 118,523 tons during the first half of 1974. The decreases in revenue and earnings were due to lower quantities of ore provided for sale on a custom basis during the six month period under review, with 88,997 tons of Louvem copper ore in the corresponding period of 1974.

Net income for the first half of 1975 decreased per share as compared with \$745,962 or 19.6¢ per share for the first half of 1974. The decreases in revenue and earnings were due to lower quantities of ore provided for sale on a custom basis during the six month period under review, with 88,997 tons of Louvem copper ore in the corresponding period of 1974. The decreases in revenue and earnings were also due to escalating mine operating costs. Mine operating costs increased due to higher costs for labour, supplies and increased costs for Quebec Workmen's Compensation and provincial sales taxes on mine operating supplies.

Exploration programmes carried out on an option basis in Malartic Township, Quebec, and a base metal option in Malartic Township, Quebec, did not indicate anything of commercial value and, as a result, options on these properties have been terminated.

Exploration is continuing on properties optioned in the Mining District, Nevada, to follow up on occurrences of zinc mineralization which were found.



Ottawa, Ontario,
22 August, 1975.

MANITOU-BARRE

STATEMENT OF CHANGES IN WORKING CAPITAL

Working capital derived from:
Net income for the period
Items not involving working capital

Proceeds on sale of property
Issue of capital stock
On conversion of 5% debentures into common stock
For cash

Working capital applied to:
Increase (decrease) in operating supplies
Investments in subsidiary companies
Deferred exploration and development expenses
Additions to fixed assets
Repayment of mortgage
Reduction in 5% convertible debentures
Capital stock

Increase in working capital
Working capital at beginning of period
Working capital at end of period



MANITOU-BARVUE MINES LIMITED

Officers

Daniel L. Marcus President
Thomas L. Mansfield Executive Vice-President
Gordon R. Cameron Vice-President, Operations
Ignatius A. McEwan, Q.C. Secretary
James E. Wild, C.A. Treasurer

Directors

John M. Boyd Toronto, Ontario
Gordon R. Cameron Malartic, Quebec
Harry E. Clark Montreal, Quebec
Thomas L. Mansfield Hamilton, Ontario
Daniel L. Marcus Ottawa, Ontario
Harry B. Rosenberg Ottawa, Ontario
Joseph M. Shaughnessy Toronto, Ontario

Mine Manager

Edwin S. Short Val d'Or, Quebec

Consulting Geologist

Denis R. Agar, B.Sc., Eng. Val d'Or, Quebec

Auditors

Thorne Riddell & Co. Toronto, Ontario

Bankers

The Bank of Nova Scotia Toronto, Ontario

Registrar and Transfer Agent

Guaranty Trust Company of Canada Toronto, Ontario

Share Listing

Toronto Stock Exchange Toronto, Ontario

Head Office

Suite 2005, 130 Albert Street Ottawa, Ontario

Mine Office

Box 1500 Val d'Or, Quebec



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Report of the Directors

Report to Shareholders:

The year was a trying one for your Company and resulted in a net loss of \$37,779 or 1 cent per share as compared with a net income of \$771,685 or 26 cents per share in 1974. These financial results include a non recurring net gain of \$276,100 in 1975 while the net income for 1974 includes a non recurring loss of \$149,999.

The loss incurred in 1975 was primarily the result of lower metal prices and escalating operating costs. It is significant to note, however, that costs of \$200,000 were absorbed in 1975, for current and deferred exploration and development expenditures of the Company and its U.S. subsidiary in the search for ore bodies on a number of mining properties, as compared with less than \$8,000 of such costs in 1974.

Ore reserves declined by 308,093 tons at year end, after production of 244,995 tons of silver-zinc ore in 1975. This decline in ore reserves, the first decline in the past six years, resulted from the deletion of 297,860 tons of indicated ore from reserves in 1975 as this material was considered to be uneconomic to mine at prevailing costs and metal prices. Broken ore reserves during the year, however, were increased by 35,400 tons. Addi-

tional information on ore reserves and mining operations are contained in the accompanying Mine Manager's Report.

We are hopeful that the present indications of an economic upturn in North America will continue, with consequent increases in the prices of silver and zinc. Continuing efforts are necessary to effect every possible cost reduction, curtail capital expenditures and outside exploration, suspend low grade production, increase the efficiencies of operations and defer development plans which do not jeopardize the future mine life.

Discussions are taking place with other mining companies towards the better utilization of the Company's major assets with the objective of increasing profitability and reducing dependance on the prices of individual metals.

The continued support of our shareholders and the loyalty, skill and continued efforts of our employees are sincerely appreciated.

D. L. MARCUS,
President.

25 May, 1976.



Report of the Mine Manager

To the President and Directors:

This report summarizes operations at the Company's mine in the Val d'Or area, Quebec, for the year ended 31 December 1975.

PRODUCTION

Production was maintained during the year so that the mill operated at 96% of total capacity. Comparative grades of silver-zinc ore treated in 1975 and 1974 are as shown hereunder:

	<u>1975</u>	<u>1974</u>
Silver	2.46 ozs.	2.58 ozs.
Zinc	1.81%	2.20%
Gold	0.018 ozs.	0.017 ozs.
Lead	0.30%	0.35%

The following tabulation presents production statistics for the past two years:

	<u>1975</u>	<u>1974</u>
Ore treated — tons	244,995	225,303
Silver — ounces	446,454	404,811
Zinc — pounds	6,836,742	7,540,303
Gold — ounces	3,270	3,080
Lead — pounds	990,899	1,042,570
Copper — pounds	76,397	87,870

CUSTOM MILLING

A total of 154,958 tons of combined copper and zinc ores of Louvem Mining Company were milled on a custom basis in 1975 as compared with 160,900 tons of Louvem copper ore in 1974.

MINING AND EXPLORATION

Mine development footage fell short of the 1975 forecast, as experienced labour was at a premium. Comparative footages for the past two years are tabulated below.

	<u>Exploration Drifts</u>	<u>Stope Drifts</u>	<u>Raising</u>	<u>Exploration Diamond Drilling</u>
1974	2,088'	4,481'	1,203'	5,089'
1975	100'	5,036'	1,561'	14,375'

ORE RESERVES

Ore reserves at the 1975 year end were 308,093 tons less than at the end of 1974, after production of 244,995 tons of ore in 1975. Several isolated zones containing 297,860 tons of indicated ore were deleted from ore reserves in 1975. These areas, due to location, were considered to be uneconomical to mine at prevailing costs and metal prices.

Silver-zinc ore reserves at 31 December 1975, after an allowance for dilution, were estimated as follows:

	<u>Tons</u>	<u>Ozs. Silver</u>	<u>% Zinc</u>	<u>Ozs. Gold</u>	<u>% Lead</u>
Broken Ore	50,000	3.56	3.79	.026	0.54
Proven Ore	259,767	4.05	2.54	.020	0.53
Indicated Ore	600,840	3.99	2.11	.022	0.32
TOTAL at year end 1975	910,607	3.98	2.32	.022	0.39
TOTAL at year end 1974	1,218,700	4.05	2.37	.022	0.32

Copper ore reserves remain unchanged at approximately 100,000 tons grading 1.11% copper, .01 ozs. gold and .13 ozs. silver. There are indications of additional copper zones at the 2300 foot level.

Respectfully submitted,

E. S. SHORT,
Mine Manager.

Val d'Or, Quebec,
21 May, 1976.

BALANCE SHEET AS AT DECEMBER 31, 1975

(with comparative figures at December 31, 1974)

assets

Current Assets

Cash	
Accounts receivable	
Note receivable (note 2)	
Metal concentrates	
Marketable securities, at cost	
Prepaid expenses	

Other Assets

Operating supplies, at cost	
Investment in subsidiary companies (note 3)	
Investment in an associated company (note 4)	
Option on mining claims (note 5)	
Property held for resale, at cost	
Deferred exploration and development expenditures	
Note receivable (note 2)	

Fixed Assets

Plant, buildings and equipment, at cost	
Less accumulated depreciation	
 Mining lands and rights, including surface rights, at cost	

liabilities

Current Liabilities

Bank loan (note 6)	
Accounts payable and accrued liabilities	
5% Convertible sinking fund debentures	
Mining taxes payable	

shareholders' equity

Capital Stock (note 7)

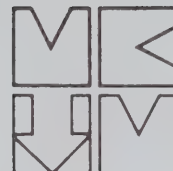
Authorized — 8,500,000 shares without par value	
Issued — 3,821,179 shares (1974, 3,817,873 shares)	

Deficit	
---------------	--

Deduct associated company's holding of 954,427 shares of the company, at cost to associated company

MANITOU-BARVUE MINES LIMITED

(Incorporated under the laws of Ontario)



1975	1974
\$ 35,955	\$ 164,143
106,771	92,677
200,000	
858,396	846,218
	10,350
4,484	17,230
<u>1,205,606</u>	<u>1,130,618</u>
273,429	306,204
1	1
114,489	124,826
40,000	40,000
99,705	84,902
	98,998
<u>200,000</u>	
<u>727,624</u>	<u>654,931</u>
1,176,564	1,147,615
859,958	774,946
316,606	372,669
160,651	241,497
477,257	614,166
<u>\$2,410,487</u>	<u>\$2,399,715</u>
\$ 285,000	\$ 574,915
432,132	46,464
	49,681
<u>717,132</u>	<u>671,060</u>
3,354,940	3,352,461
1,337,191	1,299,412
2,017,749	2,053,049
324,394	324,394
1,693,355	1,728,655
<u>\$2,410,487</u>	<u>\$2,399,715</u>

AUDITORS' REPORT

To the Shareholders of
Manitou-Barvue Mines Limited

We have examined the balance sheet of Manitou-Barvue Mines Limited as at December 31, 1975 and the statements of income, deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting practice explained in note 1(b) to the financial statements, on a basis consistent with that of the preceding year.

THORNE RIDDELL & CO.
Chartered Accountants

Toronto, Canada
January 30, 1976

Approved by the Board:

D. L. MARCUS,

Director

H. B. ROSENBERG,

Director



MANITOU-BARVUE MINES LIMITED

statement of income

Year ended December 31, 1975

(with comparative figures for 1974)

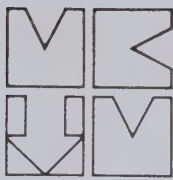
	1975	1974
Metal production	\$3,580,957	\$3,767,069
Custom milling	910,672	799,221
	4,491,629	4,566,290
Mine operating expenses, other than undernoted	4,296,395	3,273,799
	195,234	1,292,491
Other income	3,971	78,266
	199,205	1,370,757
Other expenses		
Mining taxes		50,000
Deferred development expenditures written off	47,050	
Outside exploration	58,367	7,856
Professional and consulting fees	81,553	75,925
Administrative and general	209,395	196,550
Interest	21,370	36,228
Depreciation	85,012	73,935
	502,747	440,494
	(303,542)	930,263
Share in loss of associated company (note 4)	10,337	8,579
Income (loss) before extraordinary items	(313,879)	921,684
Extraordinary items		
Gain on sale of mining lands and rights	391,473	
Loss on investment in subsidiaries (note 3)	(115,373)	(149,999)
	276,100	(149,999)
Net income (loss)	\$ (37,779)	\$ 771,685
Earnings (loss) per share (note 1(b))		
Income (loss) before extraordinary items	(11)¢	31¢
Net income (loss)	(1)¢	26¢

statement of deficit

Year ended December 31, 1975

(with comparative figures for 1974)

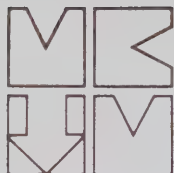
	1975	1974
Deficit at beginning of year	\$1,299,412	\$2,071,097
Net income (loss)	(37,779)	771,685
Deficit at end of year	\$1,337,191	\$1,299,412



statement of changes in financial position

Year ended December 31, 1975
(with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
Working capital derived from		
Operations		\$1,004,369
Decrease in operating supplies	\$ 32,775	
Proceeds on sale of property held for resale (net of additions of \$44,506)		40,994
Proceeds on sale of mining lands and rights	500,000	
Issue of capital stock		
On conversion of 5% convertible sinking fund debentures	2,479	15,242
For cash		4,000
	<u>535,254</u>	<u>1,064,605</u>
Working capital applied to		
Operations	262,586	
Additions to fixed assets	28,949	95,509
Investment in and advances to subsidiaries		150,000
Deferred exploration and development expenditures		98,998
Expenditures on property held for resale	14,803	
Non-current note received as partial consideration on sale of mining lands and rights	200,000	
Increase in operating supplies		125,987
Purchase of shares in associated company		117,842
Repayment of mortgage		27,940
Reclassification of 5% convertible sinking fund debentures as a current liability		46,464
Conversion of 5% convertible sinking fund debentures to capital stock		14,705
	<u>506,338</u>	<u>677,445</u>
Increase in working capital	28,916	387,160
Working capital at beginning of year	459,558	72,398
Working capital at end of year	<u>\$ 488,474</u>	<u>\$ 459,558</u>



MANITOU-BARVUE MINES LIMITED

notes to financial statements

Year ended December 31, 1975

1. Accounting Policies

(a) Metal concentrates

Metal concentrates awaiting shipment, in transit and at smelters and refineries, are included in the balance sheet at estimated realizable values, based on prices prevailing, or expected to prevail, on the dates of settlement with the smelters and refineries, less estimated smelting, refining and marketing charges.

(b) Investment in an associated company

The company accounts for its investment in shares of Quebec Manitou Mines Limited on the equity method.

In 1975, the investment is reflected in the balance sheet net of the cost to Quebec Manitou Mines Limited of its holding of shares of Manitou-Barvue Mines Limited. In 1974 such holding was included in "Investment in an associated company".

Comparative figures for 1974 have been restated to give retroactive effect to this change in accounting practice, and earnings per share are based on the shares outstanding other than those held by Quebec Manitou Mines Limited.

(c) Depreciation

Depreciation is provided on the straight-line basis using the following annual rates:

Mines asset	12½ %
Head office furniture and equipment	12%

(d) Exploration expenditures

Expenditures on mineral exploration programmes are deferred on a specific project basis until the viability of the project is determined. If a project is discontinued, the accumulated project costs are charged to income. If a project is developed, the related accumulated costs are amortized against future income from that project.

2. Note Receivable

In 1975, the company sold its mining lands and rights located in Barraute Township, Quebec for an initial cash consideration of \$100,000 and a note receivable in the amount of \$400,000 which bears interest at prime bank rates effective from time to time, and matures as to \$200,000 on each of December 31, 1976 and 1977. In addition, the company has the right to elect either to receive a 10% carried interest in the Barraute property, or to obtain a 20% interest in the joint venture ownership and development of the property and in an area programme. If the latter election is made, the company is required to contribute 20% of all expenditures and working capital necessary for production.

3. Investment in Subsidiary Companies

These financial statements reflect the company's investment in its subsidiaries at nominal value, as they are inactive and without assets of any significant value. Accordingly, the cost of the investment, including related advances and expenses, amounting to \$115,373, in 1975 (\$150,000 in 1974) has been charged against income. The 1974 financial statements presented for comparative purposes are based on the consolidated financial statements of the company for that year.

4. Investment in an Associated Company

The company's investment in Quebec Manitou Mines Limited (a 33% interest) is reflected in the accounts net of the cost to the latter company of its holding of 954,427 shares of Manitou-Barvue Mines Limited, as follows:

	<u>1975</u>	<u>1974</u>
Balance at beginning of year, as stated on the equity basis	\$ 449,220	\$ 339,957
Purchase of shares		<u>117,842</u>
	<u>449,220</u>	457,799
Share in loss	<u>10,337</u>	<u>8,579</u>
Balance at end of year (quoted market value 1975, \$158,400; 1974, \$230,400)	438,883	449,220
Deduct associated company's holding of 954,427 shares of the company at cost to associated company	<u>324,394</u>	<u>324,394</u>
	<u>\$ 114,489</u>	<u>\$ 124,826</u>

5. Option on Mining Claims

By agreement dated May 12, 1971, the company issued 40,000 shares of its capital stock as consideration for an option to acquire an interest in 24 mining claims in Bourlamaque Township, Quebec. The option is in good standing until June 30, 1976 and may be extended to June 30, 1981 by issuing to the optionor an additional 35,000 shares unless the company has put the claims into production.

The company must spend sufficient funds to keep the property in good standing and may elect to put the property into production at its sole expense. The company is entitled to be reimbursed for its expenditures out of net cash flow and thereafter profits are to be allocated 75% to the company and 25% to the optionor.

6. Bank Loan

The bank loan is secured by a general assignment of book debts, including amounts receivable in respect of metal concentrates.

7. Capital Stock

Shares have been issued as follows:

	<u>No. of shares</u>	<u>Value</u>
Balance December 31, 1974	3,817,873	\$3,352,461
Issued during the year, on conversion of debentures	3,306	<u>2,479</u>
Balance December 31, 1975	<u>3,821,179</u>	<u>\$3,354,940</u>

At December 31, 1975 options under the company's incentive stock option plan were outstanding at a price of \$1.00 per share, on 10,000 shares on or before October 31, 1976 and 5,000 shares on or before October 31, 1977, on a cumulative basis.

8. Other Statutory Information

Direct remuneration of directors and senior officers (as defined by The Business Corporations Act) is as follows:

	<u>1975</u>	<u>1974</u>
Directors	\$ 86,765	\$ 100,010
Senior employees	104,146	61,944
	<u>\$ 190,911</u>	<u>\$ 161,954</u>

9. Income Taxes

At December 31, 1975, amounts totalling approximately \$7,500,000 (principally capital cost allowances) are available for deduction from future taxable income.

10. Anti-Inflation Act

Dividends are not presently being paid. However, under the anti-inflation legislation, the company cannot pay dividends exceeding \$192,921 prior to October 13, 1976.

11. Comparative Figures

The 1974 figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for 1975.

